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AN
ADDRESS

TO THE

MEMBERS OF THE HOUSE OF COMMONS,

UPON THE NECESSITY OF

Reforming our Financial System,

And Establishing an

EFFICIENT SINKING FUND FOR THE REDUCTION

OF THE

NATIONAL DEBT;

With the

OUTLINE OF A PLAN FOR THAT PURPOSE.

By ONE OF THEMSELVES.

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NOTICE.

THE Author of the following Address, though firmly persuaded that the view which he has taken of the present Situation and Prospects of the Country is but too correct, does not expect that all his readers will concur in it, nor can he hope that those who see them in a different light, will approve of the measures which he recommends for the public relief. He is himself indeed most ready to acknowledge that if it be possible for the State to fulfil its engagements without sacrificing the future peace and prosperity of the Country, the slightest departure from them would be wholly unjustifiable, and the very suggestion of such a step, upon any other ground than that of an urgent necessity for it, would be criminal. But if the Financial difficulties which already press upon the Country must, by a continuance of the present system, be so aggravated as to exhaust all its resources, and reduce it to a

state of incurable wretchedness, or drive its suffering population to seek relief by means destructive of the peace, and perhaps of the Constitution, of the State, the question for consideration is how so frightful a danger can be guarded against, and objections, which, under other circumstances, would be entitled to the greatest attention, will not be weighed against the importance of effecting this security. Upon those, therefore, who think that the tendency of our present system is such as it has been described, the author feels justified in calling to promote the plan which he now recommends, unless they have others to propose which are less exceptionable. He conceives it to be, in its principle, as equitable as any of which existing circumstances will admit, but he will heartily concur in any modification of it by which the restoration of Public Prosperity can be more perfectly combined with the protection of Private Interests.

As the origination of all Financial Measures belongs peculiarly to the House of Commons, the author has thought that he could not make his sentiments public in a

more suitable form than that of an Address to the Members of that House, and should it but serve to fix their attention in the ensuing Session more closely upon a subject in comparison with which all others have now become of little moment, such an effect must in itself be highly beneficial, and the purpose of the author would in no small degree be accomplished.

The Statements relating to the Progress and Management of the National Debt, previous to the French Revolution, are taken from the works of Mr. Grellier and Dr. Hamilton. In those which regard the subsequent period the author has been guided partly by Dr. Hamilton, and partly by Papers laid before the House of Commons in the Course of the last Session.

ADDRESS.

IN undertaking to call your attention to the present state of the National Finances, and to the necessity of placing them without delay on such a footing as will afford the Country a reasonable hope of Relief from the severe Difficulties and Distresses under which it has for some time laboured, I cannot but regret that no efficient measure for that purpose has yet been brought forward by those to whom such a task more peculiarly belongs.

The motive by which I am actuated on this occasion is a strong apprehension that the continuance of the system hitherto pursued will eventually lead to some violent convulsion in the state, the probable issue of which cannot be contemplated without dismay. It is true that this catastrophe may not happen in our days, but shall we on that account neglect to use all the means in our power for averting it, however remote? Ought not the happiness of our children to be as dear to us as our own? Besides,

as the chief authors of the Evils which now oppress and threaten the Country, we are bound to provide a remedy, if possible, at any price ; and with whatever difficulties the task may be attended, there can be no doubt that they will be much less if it be undertaken at once, than if it be deferred, until continued suffering has wrought the public mind to such a pitch of irritation as to destroy all power of calm and dispassionate reflection. Let us then no longer shut our eyes to the dangers that await us, nor content ourselves with mere palliatives and temporising expedients, but having, whilst there is yet time, enquired carefully by what course the future Prosperity of our Country may be best provided for, let us pursue it with disinterestedness and without wavering.

In order that our Labours may be really productive of benefit, we must determine to reject all fanciful theories and speculations, and not to adopt any measure whose expediency is not guaranteed by the Experience of private life, and capable of being apprehended by any ordinary Capacity. If it be wanting in either of these respects, I declare beforehand that it will tend rather to aggravate than relieve our Embarrassments. The notion that the Financial Affairs of

States require to be conducted on other principles than those of Individuals, has, in my opinion, contributed in no small degree to reduce us to our present situation. I trust that such a sober and practical spirit as I have here recommended, will be found to prevail throughout this address, in which it will be my care not to introduce any discussion on collateral subjects, further than may be necessary to illustrate and enforce my views on that immediately under consideration.

Before we proceed further it may not be without use to lay before you the Conduct pursued by a neighbouring State, enjoying, like ourselves, a popular form of Government, under circumstances bearing a strong resemblance to those in which we are now placed, and at the recommendation of a Statesman of the highest and most renowned talents.

During the arduous struggle which took place between England and the United Provinces in the time of our Commonwealth, the Government of the latter Country was under the necessity of raising large Sums of Money by Loans. By these means a heavy burthen was brought upon the People, whilst the injury

which their Trade had received through our Navigation Act greatly reduced their means of supporting it.

The first plan of relief that suggested itself to the great De Witt, then at the head of affairs, was to open new markets in the distant parts of the Globe for those which had been lost nearer home, but through peculiar circumstances, then affecting the Trade to those parts, this purpose was unfortunately defeated. He was therefore forced to have recourse to another measure; and in order to appreciate fully the difficulties which he had to encounter in accomplishing it, we must bear in mind the peculiar construction of the Dutch State—that it is composed of a number of independent Communities, and that the separate sanction of each of these must be obtained before any public Act can be passed. Arduous as the task which De Witt had proposed to himself must, under such circumstances, have been, he was not deterred from pursuing that course which the Exigencies of the State demanded. Convinced that in the fallen State of the Commerce of the Country, it would not be possible to increase the Revenue by additional Taxes, and that, unless some means were adopted for

the gradual Extinction of the Public Debt, ruin must ensue both to the State and its Creditors, he submitted to the States-General a Resolution for reducing the Interest of the Public Debt from 5 to 4 per Cent. and for applying the 1 per Cent. thus saved, as a Sinking Fund for the reduction of the Capital. This proposal met, as might be expected, with considerable opposition, particularly from some of the towns in Holland, but was at length acceded to by all parties, and carried into effect accordingly. Thus by one bold act the State was relieved from all its embarrassments, nor was its credit impaired by it, as might have been apprehended, for when at any subsequent period it had occasion to borrow money, it does not appear that it was forced to do so on usurious or unreasonable terms*.

Let us now turn our attention to our own case, and if after mature deliberation we find that the welfare of ourselves and our posterity cannot be secured without some decided measure, I am persuaded that no want of Patriotism, nor narrow views of Interest, will prevent my Countrymen from acceding to such as may be proved necessary, with whatever apparent Sacrifice it may be attended: I say apparent Sa-

* See Appendix.

crifice, because I am sure that no present reduction of Profits to any Class can be put in competition with the substantial and permanent advantages which all will derive from the finances of the country being placed on a secure foundation.

The first step towards curing a Disease is to ascertain its Cause. The excessive amount of the National Debt is generally acknowledged to be the immediate source of all our distress, but I am persuaded that the primary cause of no inconsiderable part of it, is the improvident system which has for some years been pursued by those who have successively had the direction of our Finances, of Funding by Increase of Capital, or in other words, of borrowing a small sum, and engaging to pay a large one, and I apprehend that without correcting, as far as is now in our power, this fatal Error, all attempts to provide effectual relief will prove fruitless.

That the Extent of the Evil I have mentioned may be more clearly seen, it will be necessary for us to take a view of the progress of the National Debt, from its Commencement soon after the Revolution. In doing this we need not enter into a minute examination of all the different

The foregoing Statement is, I think, sufficient to shew how faint and distant a prospect of relief is held out by the present financial System, and how imperiously necessary it is that the work of reformation should be immediately and vigorously entered upon. A system founded on the hope of Perpetual Peace is proved by experience to be in the highest degree dangerous: it is a house built on sand, which is every day in danger of being thrown down. But should the duration of Peace be equal to our utmost hopes, or even wishes, will that alone be sufficient to extricate us from our present embarrassments? What proof of its efficiency has the Sinking Fund yet given? Have we not seen the greater part of its produce found necessary year after year to make up the difference between the National Income and Expenditure, instead of being applied to the reduction of the Public Debt? and is there any reason to hope that there will be no occasion to resort to it again and again for the same purpose? To obviate

... .. be successful.
With regard to reduction of Expenditure, though the most rigid Economy ought undoubtedly to be practised, I have no hope that it will suffice to create a real and efficient Sinking Fund, capable of reducing our present Debt to such an Extent as all admit to be necessary, within any period not wholly beyond the utmost reach of Human Foresight.

If our condition be really such as I have represented it, if there be no prospect of relief to us or to our children but in the immediate reformation of our Financial System, let me indulge a hope that another Session will not be suffered to pass without some steps being taken for that purpose, and that you will not be diverted from it by any temporary improvement of the Revenue, nor by the too sanguine anticipations of the Chancellor of the Exchequer.

Before I proceed to lay down the Plan to which I have determined to call your attention,

I beg leave to submit to you some observations upon the Interests of the Fundholders and other classes, as they have respectively been affected by the events of the last 28 years, calculated to obviate the objections usually raised against every measure for the reduction of the National Debt, which does not literally correspond with the terms upon which it was contracted.

I am not at all disposed to join in the outcry sometimes raised against the Fundholders, as persons unjustly enriched by the distresses of the Country, and therefore entitled to no consideration when the Interests of other classes are in question; but if it can be shown that the Fundholders have for many years been enjoying advantages greatly beyond every other class of their Countrymen, it will be sufficient to satisfy us that a measure, which, though it does not permit the full realization of all their expected profits, subjects them to no positive loss, if it be a deviation from the strict letter of the Contract, is not at variance with any principle of equity.

In the following Outline of the course of reasoning upon which my conclusion on this point is founded, the case of the Land-owner is particularly dwelt on, as forming the most

striking contrast to that of the Fund-holder ; but the cases of the Manufacturer, Merchant, and Ship-owner, are corroborative of the argument.

Shortly after the breaking out of the War with France, her Colonies began to fall into our hands, and when Holland was forced into the Confederacy against us, our Naval Superiority gave us almost the entire Commerce of the Baltic and Mediterranean. Hence there arose a new demand for our Manufactures, which went on increasing during the continuance of the War. The different Master Manufacturers vied with each other in their exertions to produce an adequate supply of their various Commodities. The additional opportunities thus afforded for the profitable employment of Capital occasioned an advance in the Interest or Rent of Money, whilst the increased demand for Labour was followed by a rise of Wages. These effects began to manifest themselves at an early stage of the War, and were afterwards increased from month to month and year to year by a course of events to which History affords no parallel. This rise of Wages was naturally attended with an increased consumption of Provisions, for, as in times when the supply of Labour exceeds

the demand and its price is consequently low, the expenditure of the Labourer must be proportionately small, and his diet stinted, so when, through an increased demand, he obtains higher Wages, a more profuse expenditure and consumption ensues, and continues, until by an increase of Population the supply of Labour is again brought to equal or exceed the demand, which could not be said to be the case in this Country until after the last Peace. Mr. Burke tells us that in the Parish where he resided Wages had risen by 1797 from seven to nine Shillings, the quantity of work performed being the same. Here was an increase in three years of about 28 per cent. The increased consumption of Grain and other Provisions, which was the consequence, must have produced a rise in their prices, and when these had been further raised by years of Scarcity, the progressive demand occasioned by the still increasing means of the Labourer, would prevent them from falling back, even when the Scarcity or diminished production had ceased. The rise in the Rent of Money and Wages of Labour, with the consequent advance in the price of Provisions, would in time be followed by a rise in the Rent of Land and Houses, for such is the nature of the Social System, that, when the unskilful hand

of man does not derange it, any impression produced upon one part of it must in a proportionate degree, and in process of time, be communicated to the rest, just as a continued affection of one member of the Human body will extend its influence to the whole frame. The sympathy thus subsisting between the different classes of the community will prevent any one from enjoying, permanently, an advantage over the rest. Circumstances may occur of a transient nature, attended with very important consequences to one class, and yet ceasing before they have produced any sensible effect upon the general body, but where they are lasting, the equalising principle will not fail to appear. Thus in a case like that before us, when time has allowed the falling in and renewal of Leases, the Land and House-proprietor will enjoy some participation in the profits which the monied Capitalist has before derived from the course of events which has been described, but the benefit of transient occurrences will be confined to the Capitalist, his property being so much more quickly convertible than any other.

From the best information that I can collect I take the highest advance in the Rent of Land and Houses, and in the Wages of Labour, since

1793, to be equal to about 2-3rds or 3-4ths of what they were before that time. Now compare the advance in the Rent or Interest of Money with this. It appears from the average price of Stocks in 1792 that the Interest of Money was then under $3\frac{1}{2}$ per cent. but in 1793 and 1795 Navy Bills were funded in the 5 per cents. with an increase of Capital, by which an Interest of more than 5 per cent. was obtained, and it will be found by comparing the amount of all the Loans raised between 1792 and 1816 with the annual dividends on the Stock and Annuities created during the same period, that the Interest received by the Fundholders is not less than *L.* 5. 3s. per cent. without taking into account the profit arising from Bonuses and discount, at whatever that might have been estimated by the Loan Contractors. We must not, however, lose sight of the important advantage enjoyed by the Fundholders, of punctuality in the payment of their dividends, without any deduction for Agency or other charge.

Taking the rate of Interest then previous to 1793 at $3\frac{1}{2}$ per cent. and reckoning the average rate since paid by Government at only 5 per cent. we find that the monied men gained an immediate advance of $1\frac{1}{2}$ per cent. or in other

words, their rents were raised about 43 per cent. upon their former amount. Now the proprietors of Land and Houses could not derive any benefit from the change in the state of Public affairs till the expiration of their existing Leases, so that assuming 14 years as the average term of such Leases, those who had let their property just before the War could obtain no advance in their rents till 1806. In the meantime their condition was not only no better than in 1792, but much worse, from the advance which had taken place in all the necessaries and conveniences of Life. Again, as Leases fell in between 1793 and the latter end of the War, when Land had reached its highest value, which as to some estates would happen more than once, they would in each case be renewed on terms proportioned only to its value at the time of such renewal, and the proprietors would thus be excluded from any participation in the rise which subsequently took place: making allowance therefore for all these circumstances, I think we may fairly conclude that the advance of Rent or Additional Interest on Capital enjoyed by the Land and House proprietors from 1792 to the end of the War, did not, in the whole, exceed 30 per cent. which leaves them far behind the monied State Renter. And though the

Advance in the Rents of Land and Houses amounted towards the conclusion of the War to 75 per cent. what duration has it had? If the proprietors receive more at this day than they did in 1793, they are in all the excess oppressing their tenants and blindly injuring themselves.

The Change in our national Condition, which has taken place since the Peace, and to which the reduction in the rent and value of land is to be attributed, has been productive of similar consequences to all other Interests except the Fundholder. By the destruction of the Commercial Monopoly, particularly that with Asia and America, which we enjoyed during the war, the reverse of what had raised the price and value of all things has reduced them to their former level, and placed us on that footing with regard to other nations, above which, as members of the same society, we cannot long be exalted. By the falling off of our trade the demand for capital has become less, and a reduction of rent or interest has followed. The same cause has occasioned a reduction of wages, and this has necessarily diminished the demand for Agricultural produce, the labourer being obliged to adopt a more economical and spare diet than he had before accustomed himself to ; in which

those who are acquainted with the human frame, and the power with which it is so admirably furnished of accommodating itself to the various circumstances in which it may be placed, will discover an ample reason for that redundant supply of Human food which has of late existed. The Consumption of the Country may safely be estimated at one-twelfth part less now than during the activity of the War, a circumstance more than sufficient to produce all the reduction of prices and rents, and all the present distress of the Agricultural Interest. The reduction in the price of Labour was the first step towards our rejoining the Society of the Nations of Europe, of which we now form a connected part. Every Interest has now retrograded to that state with regard to profit, in which it stood before the War, or shortly must, for the reward of Labour regulates every thing, and is the standard of national prosperity. In private life this is already in a great degree the case, and amongst great bodies and in the public departments, the pay of the persons employed is undergoing a reduction proportioned to the decline in the prices of all the necessaries and conveniences of life. In the mean time how stand the Fundholders, those whose Capital has been invested since 1792? (for we have Mr. Vansittart's authority for

assuming that all the Public debt contracted before that time has been paid off.) We have seen that from the beginning to the end of the War they enjoyed a much larger profit on their Capital than any other class of fixed Capitalists whatever. Have they since suffered any reduction? Whilst the incomes of every industrious class of His Majesty's Subjects have fallen, those of the State renters have increased, and now command a greater share of the labour of their countrymen, and more of the conveniences and luxuries of life than before. Now I have ever conceived the very essence of a well organized State to be a constitution of its several parts so regulated that each should participate in the good or bad fortunes of the whole, as equally as possible; that in prosperity the enjoyments of all should be alike increased, and that in the stormy seasons of adversity, none should be exempted from taking a part in the general struggle. Where a contrary state of things is suffered to prevail, jealousies and divisions will necessarily arise, and, if a remedy be not speedily applied, the dissolution and ruin of the whole body may be apprehended. This I take to be the tendency of our present financial system. The Fundholder bears no part of the Privations which all other Classes are now suffering. Be assured that

the Country in-general is deeply sensible of this injustice, and longs to have it corrected, but it is to Parliament, and more particularly to the House of Commons, that it must look for an effectual remedy. It is that House alone that has power to dispel the gloom that now prevails, and to unite again all classes into one harmonious whole, by the bonds of a common prosperity.

Having stated the advantages which I consider the Fundholders to have enjoyed, and to be still enjoying, over all other Classes of the Community, it is proper to notice the loss which they are represented to have sustained from the Depreciation of our Currency during the latter part of the War. It would lead me too far from my present purpose to enquire at length into the grounds of the conclusion implied in this representation ; I shall therefore content myself with remarking, that, notwithstanding all that has been written on the subject, the question whether our Currency was really and sensibly depreciated does not yet appear to be definitively settled. We may at all events venture to affirm that whatever inconvenience some of the fundholders may have suffered from those Circumstances which have been regarded as proofs of a depreciated Currency, has been common to every

other class of fixed annuitants, and cannot be considered any set off against the advantages which have belonged exclusively to the Fundholders.

It now becomes my duty to point out by what means our Financial embarrassments, and their consequent evils, are to be remedied. When the important and extensive consequences involved in the state of a nation's finances are considered, no surprise will be felt at the general interest excited by the present magnitude of our National Debt, nor that many schemes should have been devised for its reduction. None however have yet come to my knowledge which are not liable to very serious, if not insuperable, objections. It would be as vain in this as in every other case, to expect a perfect piece, but I trust that the plan, of which I am about to present you with an outline, if it be not entirely unexceptionable, will be found upon the whole just, practicable, and effectual.

In order to form a correct estimate of the Claims of the Public Creditor, it will be necessary to take into consideration not only the letter of his contract, but also the circumstances under which it was entered into: nor are the

examples of former times to be lost sight of; for if they furnish no case strictly applicable to our present circumstances, we may derive hints from the conduct of our forefathers that will be highly useful for the direction of our own.

I must set out by assuming with the Chancellor of the Exchequer and the House of Commons, that all the public debt now existing has been contracted since 1792. This indeed is not strictly the case, either with regard to the Long Annuities, or to the four or five per Cent. Stocks; but as I have no intention of touching the first, and as the portions of the two last, to which the assumption does not apply, are comparatively small, there will be no inconvenience in adopting it without limitation. By so doing our view will be more clear than if extended to a more remote period, whilst the individuals whose Cases form the exceptions, will, I apprehend, suffer no injury by being blended with the general body.

Taking then the amount of the dividends on Stock created from 1793 to 1815, and comparing it with that of the sums raised, we find that the Fundholders have, upon an average,

received full *L.* 5 per Cent. on their Capital advanced—a remuneration which, when compared with what was paid in 1745 and 1746, a time of such imminent danger to the Government and the Country, we might well consider most liberal. Our Financiers, however, appear to have thought otherwise; for they have been in the habit of granting further a deferred Bonus of *L.* 40 or *L.* 50. If the value of this be added to the direct Interest upon the money advanced, the profits of the Fundholders may fairly be reckoned at least *L.* 6 per Cent. which is nearly as much as was paid by King William, when the Wealth of the Country was not to be compared with what it now is—when the general value of money was consequently higher—and when the Government, being newly, and not yet firmly established, the security which it had to offer was necessarily doubtful.

When any modification of our present Financial System is proposed, the tocsin of alarm is usually sounded, and a cry is raised that the Credit of the Government will be endangered. Now, if the terms upon which our Government has latterly been raising money are really the best that could be obtained, its Credit is already gone, or at least is considerably lower

than it was during the War and Rebellion in 1745 and 1746. But I will not submit to such a humiliating conclusion, being persuaded that the ruinous conditions of the Public Loans during the late War sprang solely from the improvidence of our Financiers, and not from any real or supposed insufficiency of the National Resources.

That a System so injurious to the greatness and happiness of the Country may no longer be continued, nor ever again resorted to, I am anxious that it should at once be marked with the strongest reprobation of Parliament; and I would recommend the appointment of a Committee to concert such measures for the reduction of the National Debt as would secure to the Fundholders the repayment of their real Capital with liberal Interest, and would relieve the State from a charge created by a fiction. It would be the business of this Committee to enquire, what part of our present nominal debt consists of Capital really advanced to the State, and to what Interest the Public Creditor is entitled for the use of it, which must be determined by a consideration of the circumstances under which the advance was made. If it shall be found that the annual dividends

which he has been receiving are insufficient, it will be proper to allow him a proportionate additional annuity, to be computed from the time when the debt was contracted, the amount of the arrears of such annuity, with interest from year to year to be added to the Capital originally advanced, and this amount to constitute the price of Redemption, or rate at which the debt is to be discharged.

The high moral feeling by which the proceedings of Parliament have ever been guided, with its tender regard for the interests of the Public Creditors, which was so strongly displayed in the days of Sir Robert Walpole and Mr. Sandys, and has since been repeatedly testified, cannot but give assurance to the present Fundholders that the enquiry of the Committee will be conducted with the utmost attention to their interests, and that every question which may arise will be decided in their favor.

The task to be imposed on the Committee may at first sight appear an endless one;—it may be imagined that it will be necessary for it to ascertain of what particular Loans, and of what portions of each, our present debt is made up. The same notion once occurred to me,

but I found that such an attempt, even if successful, would not answer any really useful purpose. The whole Public Debt has already been declared to be one indiscriminate mass, and I am not aware of the existence of any public accounts by which such a subdivision of it as I have alluded to could be effected; but even if it could—if the portion of each Loan now outstanding could be ascertained ever so accurately, what use could be made of the discovery? If it is thought necessary to ascertain what was the exact sum advanced by every individual Stockholder for the Stock which he now holds, a Commission to enquire into the private affairs of every family in the kingdom would not be sufficient for that purpose. Such notions as these may have the semblance of justice, but, if indulged, will prove an insurmountable obstacle to every scheme of public utility. Every purpose of substantial justice will be answered by a much shorter and simpler process. As the debt is an indiscriminate mass, so the Fundholders can only be dealt with as an indiscriminate body. Regarding them in this light, it will be sufficient for the Committee to enquire what is the aggregate of the sums raised by funding from the commencement of the War, in 1793, to the present time, and what the amounts of the

several Stocks so created. The proportions which these amounts of money raised and Stock created bear to each other, will shew what portion of the several Stocks which now constitute the Unredeemed National Debt, consists of Capital really advanced; and a comparison of the amount of the present annual Dividends on the several Stocks with that of such real Capital, will ascertain the average rate of Interest hitherto received by the present Fundholders for the use of their money. If, with regard to individuals, this course should in one case occasion a loss, it will in another create a profit, and these effects are only such as have ever been liable to be produced by the fluctuations in the value of Government Securities, for which the Government itself was never supposed to be answerable.

The next point for the Committee to determine will be, whether any, and what, additional Interest would have been required by the Public Creditor beyond that which the dividends on his Stock have actually afforded, had his money been originally funded without increase of Capital, it being the object of the whole arrangement to place both the Fundholder and the Public as nearly as possible in the same situa-

tion as if that had really been the case. I have already supposed that the increased Capital, remote and uncertain as the advantage of it was when the Loans were made, might have induced the Subscribers to give up something in respect of immediate Interest, though I am firmly persuaded that this temporary benefit to the Public bore no proportion to the ultimate loss that it occasioned. To the individual lenders a greater sum at an indefinite distance is of less importance than a greater immediate Interest, but to the nation it is otherwise. Remote consequences are more interesting to the nation than to individuals, who may not expect to see them accomplished. In fixing the rates of additional interest, the Committee will be guided by the state of Public Credit, and the general rate of Interest at the times when the several Loans were contracted, and by the value of the additional Capital granted on each. On the last point, however, I conceive, that a minute investigation will not be necessary. The different rates of interest that have been actually paid on the different Loans may, I think, be considered as bearing a pretty uniform proportion to what would have been required on advances to be repaid without increase. By whatever mode the additional Interest due from the Public upon

each Stock is determined, the amount must be divided upon the whole of such Stock now outstanding.

The Sum due to the Fundholders for original Capital and arrears of Interest being thus ascertained, I would recommend that all the various Funds now existing should be united into one, to bear from henceforth until redeemed, such a rate of Interest as Parliament shall determine to be equitable ; and, should this amount to more than the present dividends, the deficiency must be supplied from the Sinking Fund. The redemption, however, of the present funds, to which their union is only a preparatory step, would soon put an end to any such charge.

It may be thought that the union of the present funds previous to their redemption, is superfluous : if the object which I have in view, which is simply to enable the State to relieve itself from its present embarrassments, by repaying to its Creditors what it has actually received from them, and to put them all upon an equality, can be attained, it is of comparatively little moment by what process we effect so desirable a Consummation ; but there appears to me an advantage in a single fund, as facilitating the ulte-

rior proceedings, that greatly outweighs the trouble it may seem calculated to create at first, either in the Government Offices or to the Fundholders. With regard to the latter, every difficulty might be obviated by Tables shewing the proportions between the nominal amount of the old Stock and the real amount of the new. The Calculation of such Tables would be a very easy task, and there can be no doubt that they would be readily comprehended: their general Circulation, especially amongst the small Annuitants, should be provided for.

When the arrangements which I have pointed out have been concluded, and received the Sanction of Parliament, the Government will be enabled to take immediate advantage of the reduction in the general rate of Interest which the present abundance of unemployed Capital has occasioned, and of which it might long ago have availed itself, but for the fetters of that vicious System which it has so blindly pursued.

This may be done, as in former times, either by new Loans to be applied to the Redemption of old Stock, or by converting old Stock into new ; but this last course can only be taken with the consent of the Proprietors. They cannot be

compelled to allow us the use of their money at a lower rate of Interest than that originally stipulated; on the other hand, we are under no obligation to retain their money at a higher rate than we can borrow at from others. The Redemption of the Stock, therefore, will rest with Government, but its Commutation must depend upon the Proprietors. It will, however, be proper to give every one the choice between Redemption and Commutation. For this purpose, Books might, if thought necessary, be opened at the Treasury, Bank, and other convenient places, also at Edinburgh and Dublin, to receive subscriptions, and when the Power of the Government to pay off dissentients was once known, we may be assured that their number would not be great. It will of course be understood, that in creating the new Stock, the Government should reserve to itself the right of redeeming it at any time, upon payment of the Sum actually subscribed.

The first consequence of these measures would be the Establishment of a *real* Sinking Fund, not an *imaginary* one, like that by which we have so long been deluded, but one whose efficiency would every year become more and more manifest by the progressive reduction of the

Public debt, and which would ultimately produce a relief from those burthens which an erroneous System of Finance, no less than the unprecedented circumstances of our times, has heaped so heavily upon us. Let not, however, an impatience to seize this Blessing hurry us into a premature abolition of Taxes. A temporary continuance of our Burthens may be easily borne, when we are once assured of ultimate and substantial relief; but this can never be our case whilst the Sinking Fund is suffered to be invaded, as it has hitherto been, for the sake of avoiding an occasional pressure.

Having now stated generally the principle of the Plan which I have to propose, and the advantages with which it would be attended, it will be proper for me to give you a more particular description of it. This, therefore, I will endeavour to do, premising, that as my present means of information are not very perfect, some inaccuracies may probably be found in the sketch which I am about to draw; but I am disposed to believe that they will not be to such an extent as materially to affect the result: it will at all events serve to illustrate my views, and such corrections as it may require will be readily made.

I take the liberty of repeating once more, that the principle of my plan is that of paying the Fundholder, by returning to him the sum which he originally advanced, with such Interest as it may reasonably be supposed he would have been willing to accept, had no prospect of an Increase of Capital been held out to him. The first question, therefore, is, how much did he originally advance for the Stock which he now holds? To answer this, I have compared the amount of the sums funded in the different Stocks with that of the Stock so created, and I find, by this comparison, the average rate of funding in the 3 per cents. during the War to have been about *L.*59 per cent. that of the 4 per cents. about *L.*80. 10s. and that of the 5 per cents. about *L.*91 per cent. In estimating the rate of Interest at which money might have been raised by the Government during the War without granting an Increase of Capital, I have been guided by the average rate of funding in the 5 per cents. because the increase of Capital granted in this Stock being smaller than in any other, the field for speculation was more contracted, and any wide difference as to its value was less likely to arise. Taking then the average rate of funding in the 5 per cents. at *L.*91, we find that the average rate of Interest already

received by the holders of that Stock is *L.5.9s.11d.* per cent. and that the increased Capital to be hereafter claimed is *L.9.* Without attempting to fix the precise value of this remote benefit at the time of funding, I think we shall do no injustice to the funders in assuming that they would have been willing to commute it for an additional Interest of a quarter per cent. which would have made the whole Interest on the money advanced *L.5. 14s. 11d.* or, to use round numbers, *L.5. 15s.* per cent. This therefore I fix as the average rate at which money might have been raised during the War, by funding without Increase of Capital, and which should now be made good to the Fundholders.

It remains to be considered for how many years the arrears of additional Interest, thus found due, ought to be allowed. From the contraction of the first Loan after the commencement of the War in 1793, to the first year of Peace, 1816, is 23 years. Had therefore the sums raised in each year been the same, it would be proper, according to the usual rule of equation, to allow the additional Interest on the whole present amount of the Debt for twelve years; but as a much larger portion of the Debt was contracted in the later than in the earlier years

idle, I add that employed in Stock Exchange Speculations, which, should the proposed plan be adopted, will be contracted into a very narrow compass: considering all these circumstances, I see no reason to suppose that the general rate of Interest in this country will be permanently higher than 3 per cent. Should it indeed come down to this, we shall be able to effect a further annual Saving in the charge on the Public Revenue of about 6 millions*. The Sinking Fund which would thus be established would, if kept inviolate, go far towards defraying the expense of any War in which the country might hereafter be engaged, and should be applied accordingly, a Sinking Fund at such a time having proved a gross and mischievous delusion.

* It has for some time been stated to be in the contemplation of Government to pay off the 5 per Cents. or rather to make an arrangement with the Proprietors so as to exchange them for 3 per Cents. I know not on what terms it is proposed to make this exchange, but apprehend from the present price of Stocks that the new 3 per Cents. cannot be valued higher than L.80 per Cent. At this rate there will be a Saving in the Interest of L.1,937,500 per Annum, but there will be an increase in the capital Debt, for which our Posterity will become answerable, of more than 38 millions. Let the advantages of this Scheme be compared with that now proposed, by which, in addition to an immediate Saving in Interest of above 3 millions, we have the prospect of a further annual reduction of about 6 millions, besides reducing the capital Debt about 180 millions.

Whatever further supply might be required would, I think, be best raised by an Income or Property Tax, so that whilst we were disabled from reducing our debt, we might as much as possible avoid increasing it.

Having set forth the advantages which I conceive might reasonably be expected to result from the plan which I have proposed, it is proper that I should advert to the objections that are likely to be raised against it, which must be founded either on its present effect on the Interests of the Fundholders, or on that which it may hereafter produce upon the credit of the Government. The former I have already endeavoured to obviate—I have shewn that no real injustice will be done to the Fundholders—that they will receive their own with liberal encrease. To insist upon more, to plead the terms of a Bond granted improvidently and without any adequate consideration, would be extortion worse than Shylock's, and like his, must defeat its own end: it is not possible that they should be for ever placed above the fortunes of the State. There is, however, another consideration founded on the very nature of the Contract between the State and the Fundholders (ever regarding them as an indiscriminate body) which may

serve to justify the proposed measure. When they originally advanced their money they received immediately a high rate of Interest for the use of it, and there was besides held out to them the chance of an Increase of Capital at some future period. Such advantages could not have been required but as a compensation for some risk of loss which they were supposed to incur, and which loss might either arise from the direct Bankruptcy of the State, or from some measure which, upon an occasion of great necessity, Parliament might think proper to adopt for its relief. The acknowledged power of Parliament to interfere under such circumstances, warrants us in concluding that the possibility at least of such interference was not overlooked by the Fundholders. Now, if this were really the case—if at the very time when they advanced their money, they considered the terms of repayment to depend at all upon the will of Parliament—can such a measure as that which I have recommended be complained of as an injustice? On the contrary, does it not secure to them far greater advantages than they had originally any reasonable ground to consider as certain? After all, anxious as I am to make good to the Fundholders all that was ever promised to them by the State, and all that they have ever promised

themselves, to secure them not only from actual loss, but from disappointment also, I feel that it is not by a regard to them alone that our proceedings ought now to be regulated. The distressed situation of the country at large, calls imperatively for some effectual measure to relieve it, and if no certain and permanent relief can be afforded without a total change in our Financial System, all particular Interests that may be affected by it must give way to the general Welfare.

But it may be asked, if Parliament now thinks proper, upon whatever ground, to deprive the Public Creditor of any part of that profit, by the prospect of which he was induced in times of danger and necessity to advance his money for the service of the State, what security can he have that it will not again interfere, and take away those reduced profits which it now leaves him? and how, with the general distrust which such a precedent must create, will it hereafter be possible for the Government to raise the money for which it may have occasion? To this I would answer, that the interference of Parliament on this occasion is dictated by absolute necessity, arising from the universally acknowledged distress of the Country, incurable by any other means; and that the Justice of Parlia-

ment, which has been so repeatedly and unequivocally proved, is a guarantee that a measure, which the overwhelming power of peculiar circumstances now forces upon it, will never be made a precedent for any arbitrary or oppressive Act ;—that the abolition of that System which has created the present necessity for the interference of Parliament, is the best mode of preventing its recurrence ;—that the contract between the State and its Creditors will hereafter be such as to secure to them a just profit on their Capital, without deluding them with hopes that can never be realised ;—and that pursuing this plain and upright course, the Government will at all times be able to raise whatever sums it may have occasion for, on terms quite as favourable as are demanded on private securities ; for should circumstances ever occur to impose upon Parliament the painful necessity of authorising the least departure from those engagements which it has before sanctioned, it will not be until after the same circumstances have rendered the performance of private engagements impossible, and the securities given for them unavailing. Whatever disables the State from fulfilling its engagements, must have already had an equal, if not greater, effect upon the general body of the Community.

Enough has now been stated to enable you to determine the merits of the Plan which I have proposed. To your attentive consideration therefore I beg leave to recommend it, nor will I run the hazard of fatiguing your patience by entering into a discussion upon other subjects not immediately connected with that which we have been considering. I cannot, however, refrain from saying a few words upon one or two measures which appear to form appropriate accompaniments to the Reformation of our Financial System.

I have already alluded to the large Capital at present employed in the Stock Exchange, and to the Effect which is likely to be produced upon the general Rate of Interest, by a restriction of the means of so employing it.

When the British funds no longer afford a field for speculation, a part of this Capital will probably be invested in Foreign Funds ; but I am disposed to think that the chief mass of it will be kept at Home ; and as our Merchants and Manufacturers have no opportunity of employing more than they already possess, the only method of turning it to profitable account will be advances on such securities as the Landed Inte-

rest of Great Britain and Ireland have to give. In order that the Landed Interest may have the full benefit of this abundance of Capital, I am of opinion that some modification of our present Usury Laws will be advisable. Probably the total Repeal of these Laws will ultimately be expedient, but I think that a temporary Act reducing the legal rate of Interest in this Country to 4 per cent. would at first be best, and this Act should be so framed as to enable the parties to any Deed or Instrument of Security previously executed, to reduce the stipulated Interest to the new legal rate, without any fresh expense for Stamps. When the present extent of such securities, and the large annual charge to which the Landed Interest are subject in respect of them, are considered, there can be no doubt that the relief afforded by such an Act as I have suggested, would be very considerable. It would also have the effect of placing all classes of monied Capitalists upon an equal footing, and would thus prove to the Fundholders that the sacrifice which they had been called upon to make was not an arbitrary or partial exaction.

Having thus relieved the Landed Interest, we might proceed with great advantage to a reconsideration of the present Corn Laws, which ap-

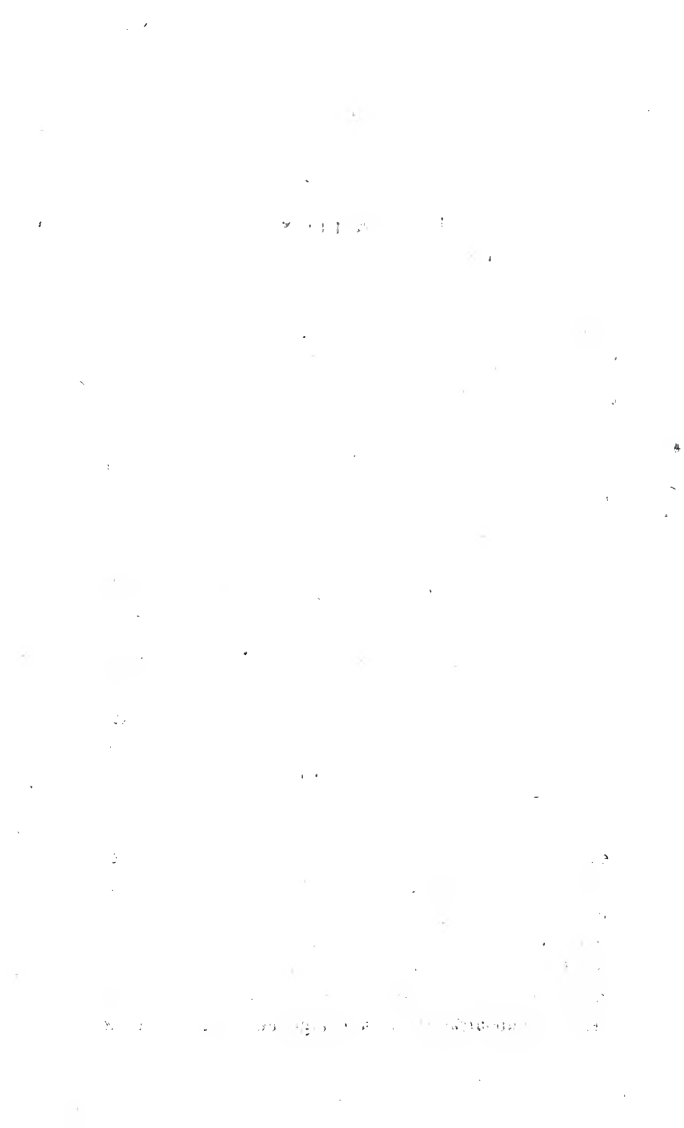
pear to me not only to be founded on erroneous principles, but to be productive of consequences highly injurious to that very class for whose benefit they were chiefly framed. The sudden influx of foreign corn which takes place when, in consequence of a falling-off in the home supply, prices have once reached the importation point, immediately reduces the price of native corn below what it is in times of comparative abundance—so that the farmer has to struggle at once against a short crop and low prices. Now, a protecting duty, equal to the difference between the expense of cultivation here and on the Continent, would always secure to the public an adequate supply at a reasonable price, without producing those occasional gluts, which are so ruinous to the farmer. It has been stated as an objection to an Import Duty on Corn, that it could not be levied when symptoms of scarcity appeared,—but it is not by an apprehension of what may happen in a particular case that our general policy should be regulated. Under ordinary circumstances, there could be no greater objection to levying a duty, than to prohibiting the importation altogether, until prices have reached a certain point. In a season of extreme scarcity it would certainly be expedient to remit the

duty, particularly should any foreign Government think proper to follow the unfeeling example formerly set by Prussia, and turn our necessities into a source of revenue, by imposing a duty on the Exportation of Corn. Before, however, prices had reached such a height as to render the remission of our import duty necessary, I apprehend that nearly all the Corn with which our Continental neighbours could supply us, would have been received. I am, therefore, strongly in favour of a free Importation of Corn, under such a duty as would secure our farmers against an unequal competition with those on the Continent, and the saving which would be produced to them by a Reduction of Interest, would authorise us to fix the duty proportionately lower than would now be just. The immediate effect of this measure would be to lower the price of provisions, thus compensating the small annuitant for the reduction of his dividends or interest, and increasing the comforts of all the labouring classes; whilst its advantages would at no distant period be further illustrated by the extension of our foreign commerce.

That I may not be suspected of going beyond those sober views which I professed at the com-

mencement of this address, I think it proper to remark, that though the two measures which I have just suggested appear to me to be capable of giving increased effect to the Financial arrangement before proposed, I do not by any means consider them as necessary appendages to it; nor do I feel that it requires any further recommendation than those high advantages, which, as I have endeavoured to shew, would immediately result from it. Upon them, therefore, I would particularly fix your attention—reminding you once more, and, in conclusion, of the urgent necessity of employing without delay the means which we now possess of securing them. Too much time has been already lost; six years of Peace have been suffered to pass without one effectual step being taken for the reduction of our overwhelming debt—and who can tell how long we shall continue to enjoy the opportunity thus neglected? The events which have of late been passing in different parts of Europe are but ill calculated to encourage a belief, that the time when wars shall cease is yet arrived. What then must be the fate of England, should she be called upon to draw the sword before she has relieved herself from some of her present incumbrances, and established her Finances on such a basis as will

enable her to defray the expenses of a contest ?
It becomes the deputed Guardians of the Public
Welfare seriously to ask themselves this ques-
tion.



APPENDIX.

The following is extracted from a Book printed at Amsterdam in 1725, entitled, *Résolutions importantes de Leurs Nobles et Grandes Puissances les Etats de Hollande et de West Frise, pendant le Ministère de Monsieur Jean De Witt, Conseiller Pensionnaire.*—Traduites du Hollandois.

REDUCTION DES RENTES ET INTERETS DE 5 à 4 pour CENT.

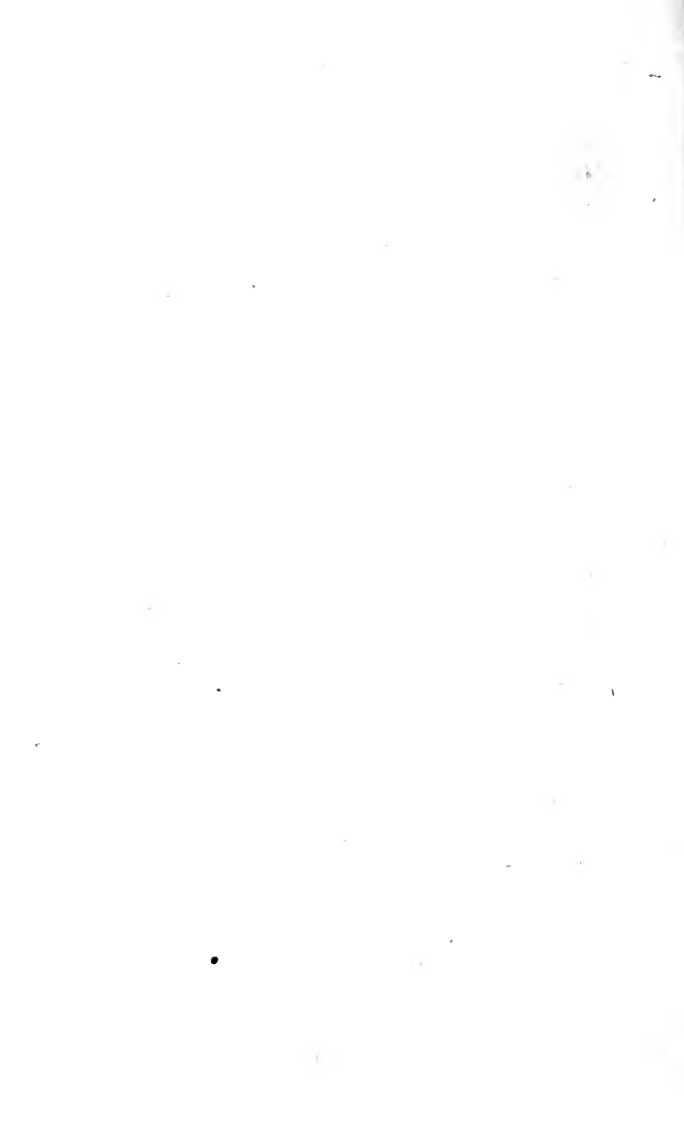
Les Etats de Hollande et de West Frise, considérant et faisant attention à la bonté du Tout-Puissant, qui, par le moyen de la Paix conclue l'année dernière avec la République d'Angleterre, a bien voulu rétablir la Puissance et le Crédit de l'Etat ; ils ont résolu et entendu, après meure délibération, et après avoir pris l'avis de leurs Conseillers Députés des deux Quartiers, sur la proposition faite par écrit le 11 Mars de cette Année par les Membres Députés de l'Assemblée de Leurs N. & G. P. conjointement et avec les Commissaires des deux Colléges de leurs susdits Conseillers Députés ; que, pour rétablir les Finances, les décharger de tems en tems, et les mettre sur un pied sûr et certain, tous les intérêts et rentes remboursables à la charge de la Province de

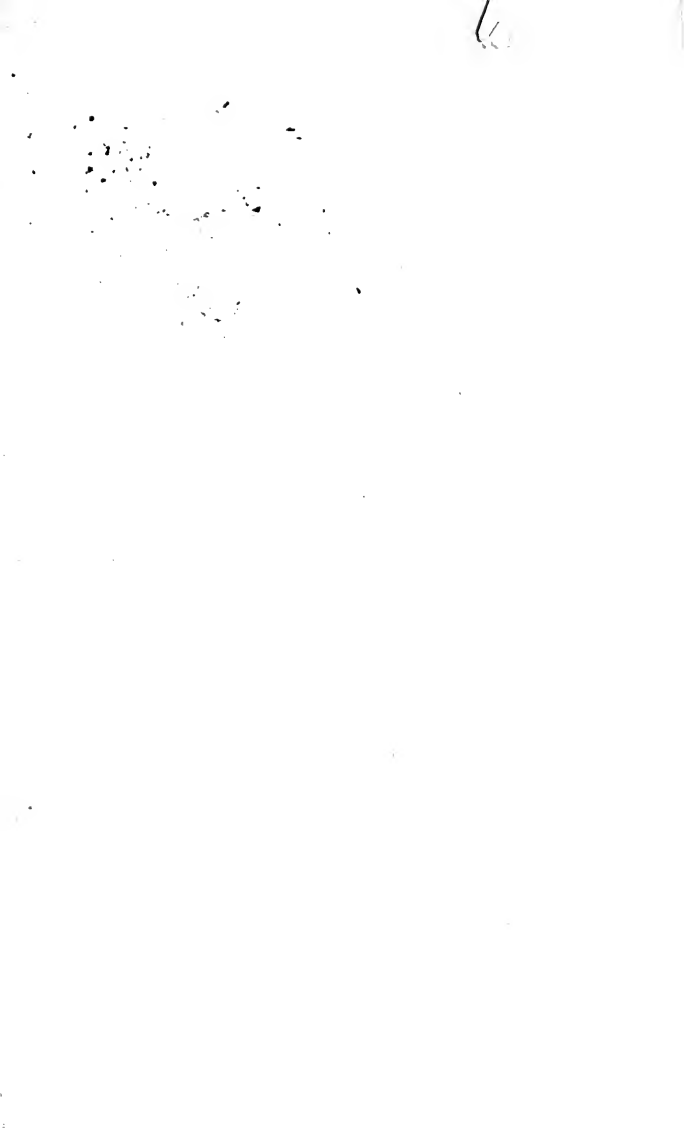
Hollande et de West Frise, négociés tant sur les Comptoirs des Domaines de Leurs N. & G. P. que sur les Revenus sans aucune exception, seront réduits de 5 à 4 pour Cent : que les deniers dont la dite Province profitera par cette réduction, seront employés à rembourser les Capitaux, et ne pourront être employés à d'autres usages. Et afin que les Membres de l'Assemblée de Leurs N. & G. P. puissent être entièrement en repos à cet égard, en donnant ordre à l'exécution de la presente résolution, il sera écrit aux Receveurs respectifs, avec ordre d'avoir soin de rembourser les Capitaux à proportion des Sommes qui resteront en caisse dans leurs Comptoirs en vertu de la présente réduction, en sorte que ces remboursemens augmentent tous les ans à la concurrence des Intérêts des Capitaux remboursés les années precedentes, ajoutant encore bien expressement que d'année à autre les Rentes et Intérêts seront retranchez à proportion sur leurs Comptes : enfin, qu'ils n'aurent à obeïr à aucun ordre contraire à cette resolution de Leurs N. G. & P. quelque part qu'il leur vint, à moins qu'on ne leur écrivit de nouveau, et à moins d'une Resolution expresse de Leurs N. & G. P. De plus, on écrira à Messieurs de la Chambre des Comptes, de se régler sur cette resolution, en recevant les Comptes susdits. Et pour rendre la presente d'autant plus solide, les Membres respectifs de l'Assemblée de Leurs N. & G. P. ont consenti, et, (à l'égard des Deputez des Villes du noms de leurs Superieurs respectifs,) ont accordé qu'il ne se fera aucun changement dans ce Règlement pour la décharge des Finances, et le remboursement des Capitaux, qu'après en avoir fait un point de deliberation dans les lettres de Con-

vocation, et par une unanimité des voix de tous les Membres de l'Assemblée, sans qu'il soit permis de négliger la voix d'un seul membre.

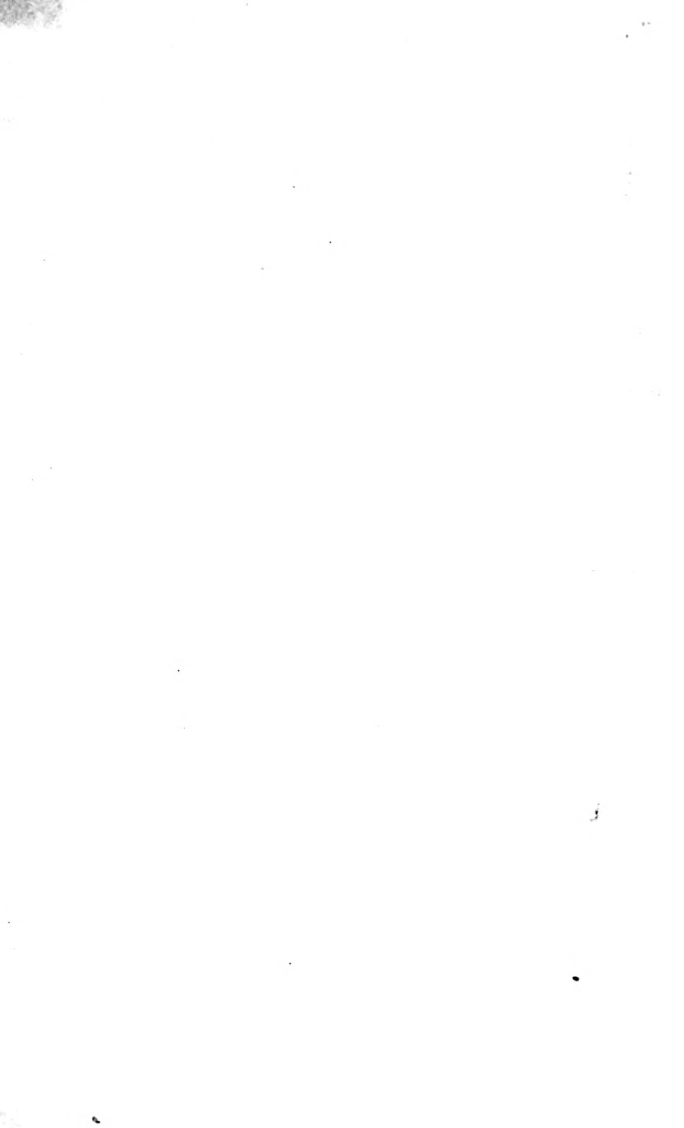
Fait à la Haye, le 7 Août, 1655.

THE END.











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